

§ 1776.12

the purposes set forth in §1776.12. All loans made to loan recipients shall be drawn from the revolving loan fund. The loans shall be serviced, and the revolving loan fund shall be maintained, as set forth in §1776.17.

§ 1776.12 Use of DWS Grant proceeds.

(a) Except as otherwise provided in the next paragraph. The DWS grant process shall be used solely for the purpose of providing loans to eligible individuals for the construction, refurbishing, and servicing of individual decentralized water systems in rural areas that are or will be owned by the eligible individuals.

(b) A grant recipient may use DWS grant funds to pay administrative expenses associated with providing the assistance described in the immediately preceding paragraph.

(c) A grant recipient may not use grant funds in any manner inconsistent with the terms of the grant agreement.

(d) In the event of ground well water contamination, the Secretary shall allow a loan or subgrant to be made with grant funds under this section for the installation of water treatment where needed beyond the point of entry, with or without the installation of a new water well system.

(e) Any entities responsible for fouling a drinking water supply are not eligible to be the recipients of an award for this program.

[70 FR 28788, May 19, 2005, as amended at 85 FR 23211, Apr. 27, 2020]

§ 1776.13 Administrative expenses.

(a) Subject to the limitations provided in paragraphs (b), (c) and (d) of this section, the grant recipient may use grant funds to pay administrative expenses associated with providing DWS loans.

(b) Administrative expenses incurred in any calendar year which exceed 10 percent of the DWS loans made by the grant recipient during that same period do not qualify for reimbursement.

(c) Administrative expenses incurred prior to the execution of the grant agreement by RUS do not qualify for reimbursement.

(d) Allowability of administrative expense costs shall be determined in ac-

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cordance with 2 CFR part 200, as adopted by USDA through 2 CFR part 400.

[70 FR 28788, May 19, 2005, as amended at 79 FR 76005, Dec. 19, 2014]

Subpart C—DWS Loans

§ 1776.14 Eligibility to receive a DWS loan.

(a) The loan recipient must be an eligible individual.

(b) The loan recipient must either own and occupy the home being improved with the proceeds of the DWS loan, or be occupying the home as the purchaser under a legally enforceable land purchase contract which is not in default by either the seller or the purchaser.

(c) The home using the water well system being funded from proceeds of the DWS loan must be located in a rural area.

(d) The water well system being funded from the proceeds of the DWS loan may not be associated with the construction of a new dwelling.

(e) The water well system being funded from the proceeds of the DWS loan may not be used to substitute for water service available from collective water systems. Example: Loan recipient wishes to restore an old well which had been abandoned when the dwelling was connected to a water line belonging to a water district.

(f) A loan recipient must not be suspended or debarred from participation in Federal programs.

§ 1776.15 Terms of loans.

(a) DWS loans under this part—

(1) Shall have an interest rate of 1 percent;

(2) Shall have a term not to exceed 20 years; and

(3) Shall not exceed \$15,000 for each water well system or decentralized wastewater system described in §1776.1.

(b) The grant recipient must set forth the DWS loan terms in written documentation signed by the loan recipient.

(c) Grant recipients must develop and use DWS loan documentation that conforms to the terms of this part, the grant agreement, and the laws of the state or states having jurisdiction.